

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

A280.3449

C39

Volume 8

U. S. DEPT. OF AGRICULTURE
NATIONAL AGRICULTURAL LIBRARY
MILK MARKET INFORMATION
CHATTANOOGA, TENNESSEE MARKETING AREA
January 1964

Number 6

Reserve

Released Pursuant to \$1090.27 (j) and \$1090.85, USDA-AMS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

USDA RECOMMENDS AMENDING 76 FEDERAL MILK ORDERS

The U. S. Department of Agriculture recommended on January 23, 1964 amending 76 Federal Milk Orders (serving portions of 30 states, including Chattanooga) to adopt new provisions for dealing with milk from other sources entering a Federal Order market. The recommendations are based upon evidence presented at public hearing held during January 1963 in Arlington, Va., St. Louis, Mo., and Denver, Colo. These hearings were held to consider new methods of dealing with milk entering a Federal Order market, in the light of the Supreme Court invalidation of a compensatory payment provision in the New York-New Jersey Order (Lehigh Valley Case June 1962).

The new recommended provisions have been drawn to apply to all 76 Orders since all are involved with the pricing and pooling of milk from elsewhere which is sold inside of a Federal Order marketing area. Copies of the Recommended Decision may be obtained from the Market Administrator. Exceptions to the recommendations may be filed with the U. S. Department of Agriculture. A final decision will be issued by the USDA at some future date and each of the Orders amended accordingly, subject to approval of the producers for each of the marketing areas.

The principal recommendations would:

A. Provide a distributor of unpriced bottled milk sold on routes in an area covered by a Federal Order using marketwide pooling with either or a combination of the following options:

1. Paying his dairy farmers and/or Market Administrator the class prices set by the Order based on how his milk was used; or
2. Offsetting his in-area sales of Class I (bottling) milk by Class I milk purchases from any Federal Order plant where pooling is marketwide; or
3. Paying the Market Administrator the difference between the bottling milk and uniform blend price of the Order concerned, on his in-area sales.

B. Provide for pricing and pooling packaged milk transferred between Federal Order Areas:

1. As Class I in the transferor market when distributed on routes by the transferor handler in the transferee market.
2. As 98 percent Class I (2% allowance for route returns) in the transferor market when the milk passes through a regulated plant in the transferee market.
3. Such milk would be allocated to the transferee plant in the same class as priced in the transferor plant.

C. Provide for pricing and pooling bulk milk transferred from a marketwide pool Federal Order area to another Federal Order area:

1. As Class I and Class II in the transferor market based upon the pro rata use of such milk by the transferee handler.
2. As Class II in the transferor market by agreement of transferor and transferee handlers.
3. Such milk would be allocated to the transferee plant in the same class as priced in the transferor plant.

D. Provide for the pricing and pooling of bulk milk transferred from an individual handler pool market to a marketwide pool market:

1. As Class I and Class II in the transferor market based upon the pro rata use of the transferee handler. However, such imported milk would be re-pooled in the market pool by charging the transferee handler for such milk at the class prices and crediting it at the market blend price, so as to equalize it with local producer milk.

2. As Class II in the transferor market by agreement of transferor and transferee handlers.

3. Such milk would be allocated to the transferee plant in the same class as priced in the transferor plant.

E. Provide a method of dealing with milk transferred from non-federally regulated plants to Federal Order plants by:

1. Allocating such milk to Class II when requested by the regulated handler.

2. Allocating such milk pro rata to the Class I and Class II milk of the regulated handler up to 20 percent in Class II. The regulated handler would be charged the difference between the Class I price and the blend price on all such milk allocated to Class I.

3. Allocating to Class II to the extent such receipts when combined with milk priced under a Federal Order exceeds 125 percent of the regulated handler's Class I milk. This limits the allocation of such milk to 80 percent in Class I.

F. Provide a method of dealing with any non-Grade A milk, producer-handler milk or reprocessed non-fluid milk products handled by a Federal Order regulated plant by first allocating such milk to Class II but charging the regulated handler the difference between Class I and II prices on any such milk allocated as Class I.

COMPUTATION OF UNIFORM PRODUCER PRICES FOR JANUARY 1964

Based on 12 plant reports prior to audit (One plant excluded per § 1090.72(a))

	Class %	Milk Pounds	Butterfat Test-%	Cwt.Price @ Test	Value
Gross Class I		14,486,092	3.536		
Less Other Source		146,870	2.267		
Producer Milk Class I	91.1	14,339,222	3.549453	\$5.007090	\$717,977.75
Gross Class II		2,357,672	8.345		
Less Other Source		961,815	2.438		
Producer Milk Class II	8.9	1,395,857	12.414810	9.092923	126,924.20
TOTAL PROD. (Cl. I + Cl. II)	100.0	15,735,079	4.335898		844,901.95
Add Fractional Adjustment					.01
Add Compensatory Payment Value and Inventory Reclassification Value					190.36
Add Overage Value					384.67
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					7,411.50
TOTAL VALUE AT TEST		15,735,079	4.335898		852,888.49
Less Test Over 3.5% @ 7.2¢ per point		15,735,079	.835898	0.601847	94,701.10
TOTAL VALUE AT 3.5%		15,735,079	3.5	4.818453	758,187.39
Less Producer-Settlement Fund Reserve		15,735,079		0.048453	7,624.12
UNIFORM PRICE f.o.b. POOL PLANT - 3.5%		15,735,079	3.5	\$4.77	\$750,563.27

MILK BASE -- 1964

New bases will be announced by February 29, 1964. Milk Bases were established during September 1963 thru January 1964. These bases are to be used for calculating payment for milk deliveries during March thru July 1964. If you do not receive your Milk Base Notice soon after March 1, 1964, please notify the Market Administrator.

MARKET SUMMARY JANUARY 1964

The MINIMUM uniform producer price is \$4.77 per cwt. f.o.b. Chattanooga Area pool plants for milk containing 3.5% butterfat. The producer butterfat differential is 7.2 cents for each one-tenth of one percent above or below 3.5 percent.

During January, 91.3% of the total producer milk was priced in Class I at \$4.97 per cwt. with a butterfat differential of 7.5 cents and 8.7% in Class II at \$3.12 per cwt. with a butterfat differential of 6.7 cents. The daily average use of Gross Class I milk increased 10.7% compared with December 1963 and increased 25.9% compared with January 1963.

Daily average delivery of milk from producers was 532,319 pounds in January 1964, an increase of 13,016 pounds per day compared with December 1963 and an increase of 39,311 pounds compared with January 1963. Percentage-wise, January deliveries increased 2.5% compared with December 1963 and increased 8.0% compared with January 1963.

MILK SAMPLES TESTED - Producer Fresh Samples 5,539 - Handler Finished Products 183.

JANUARY 1964 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)
BUTTERFAT DIFFERENTIAL 7.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	\$4.41	3.6	\$4.842	4.2	\$5.274	4.8	\$5.706	5.4	\$6.138
3.05	4.446	3.65	4.878	4.25	5.31	4.85	5.742	5.45	6.174
3.1	4.482	3.7	4.914	4.3	5.346	4.9	5.778	5.5	6.21
3.15	4.518	3.75	4.95	4.35	5.382	4.95	5.814	5.55	6.246
3.2	4.554	3.8	4.986	4.4	5.418	5.0	5.85	5.6	6.282
3.25	4.59	3.85	5.022	4.45	5.454	5.05	5.886	5.65	6.318
3.3	4.626	3.9	5.058	4.5	5.49	5.1	5.922	5.7	6.354
3.35	4.662	3.95	5.094	4.55	5.526	5.15	5.958	5.75	6.39
3.4	4.698	4.0	5.13	4.6	5.562	5.2	5.994	5.8	6.426
3.45	4.734	4.05	5.166	4.65	5.598	5.25	6.03	5.85	6.462
3.5	4.77	4.1	5.202	4.7	5.634	5.3	6.066	5.9	6.498
3.55	4.806	4.15	5.238	4.75	5.67	5.35	6.102	5.95	6.534

JANUARY 1964 PRODUCER BUTTERFAT DIFFERENTIAL COMPUTATION

Per \$ 1090.73	B'Fat Use Percentage	Prod. Lbs. Butterfat	Class B'Fat Differential	Butterfat Value
Class I	74.6	508,964	\$0.75	\$381,723.00
Class II	25.4	173,293	0.67	116,106.31
Total	100.0	682,257		\$497,829.31

Total Butterfat value ÷ Total Producer fat pounds = \$0.729680

Producer Butterfat Differential per point variation above or
below 3.5 percent - - - - - \$0.072

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	<u>Jan. '64</u>	<u>Dec. '63</u>	<u>Jan. '63</u>
Number of Plants (Pool and Non-Pool)	13	14	15
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>			
Producer Deliveries	532,319	519,303	493,008
% January '64 compared with:	100.0	102.5	108.0
Other Source	13,536	10,729	9,408
Other Order	22,370	24,872	5,657
Total Milk Receipts	568,225	554,904	508,073
% January '64 compared with:	100.0	102.4	111.8
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>			
Class I Uses:			
Fluid Milk	399,611	364,718	313,954
Fluid Skim	24,482	22,274	19,301
Buttermilk	44,878	41,923	39,604
Flavored Milk & Drink	11,369	9,963	8,870
Fluid Creams (Sweet & Sour)	2,814	3,083	2,529
Bulk to Non-Handlers	5,134	166	5,112
Shrinkage Class I	3,549	1,284	568
Other	(1,136)	-	(309)
Total Class I Milk	490,701	443,411	389,629
% January '64 compared with:	100.0	110.7	125.9
Class II Uses:			
Butter	3,266	3,968	3,786
Cottage Cheese	20,690	14,287	16,800
Powdered and Condensed Milk	14,160	44,026	51,374
Ice Cream	25,561	26,377	32,980
Stockfeed	3,805	4,424	3,426
Shrinkage Class II	9,492	8,335	8,087
Other	550	10,076	1,991
Total Class II Milk	77,524	111,493	118,444
% January '64 compared with:	100.0	69.5	65.5
Gross Class I Butterfat Pounds	17,429	15,895	13,724
Gross Class II Butterfat Pounds	6,506	8,042	8,023
Total Butterfat Pounds	23,935	23,937	21,747
% Producer Milk of Gross Class I	108.5	117.1	126.5
% Producer Milk priced in Class I	91.3	84.5	77.8

FEBRUARY 1964 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	<u>Feb. '64</u>	<u>Jan. '64</u>	<u>Feb. '63</u>
Basic Formula	\$3.17	\$3.16	\$3.10
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	0.06	0.06	(0.22)
Class I Price, 3.5% Butterfat	\$4.98	\$4.97	\$4.63
Per \$ 1090.51 (a)			
Supply-Demand Comparison: 1st and 2nd preceding months: December and January			
Supply: Lbs. Producer Milk (Dec. 16,098,395 and Jan. 16,501,891)			32,600,286
Demand: Lbs. Net Class I Milk (Dec. 13,604,389 and Jan. 15,091,533)			28,695,922
Utilization Percentage: Producer milk divided by Class I			114
Standard Utilization Percentage: Range 117-121			117
Net Deviation Percentage: Utilization minus Standard Utilization			minus 3
Supply-Demand Adjustment: 2 cents x 3 percentage points			plus \$0.06

Since the supply in relation to the demand is less than the desired standard, the price is increased 6 cents per hundredweight (2 cents x 3 percentage points).

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Jan. '63	\$4.29	-	-	7.2¢	\$4.70	7.5¢	\$3.09	6.7¢
Feb.	4.24	-	-	7.2	4.63	7.5	2.76	6.7
Mar.	4.33 ^{2/}	\$4.42	\$2.71	7.2	4.75	7.5	2.75	6.7
Apr.	4.23 ^{2/}	4.41	2.66	7.2	4.82	7.5	2.70	6.7
May	4.21 ^{2/}	4.34	2.62	7.2	4.79	7.5	2.66	6.7
June	4.17 ^{2/}	4.29	2.62	7.2	4.82	7.5	2.66	6.7
July	4.23 ^{2/}	4.39	2.62	7.2	4.83	7.5	2.66	6.7
Aug.	4.26	-	-	7.2	4.72	7.5	2.66	6.7
Sept.	4.30	-	-	7.4	4.61	7.5	3.20	6.9
Oct.	4.42	-	-	7.6	4.63	7.8	3.15	6.7
Nov.	4.69	-	-	7.4	4.88	7.6	3.13	6.7
Dec.	4.62	-	-	7.4	4.97	7.6	3.12	6.7
Jan. '64	4.77	-	-	7.2	4.97	7.5	3.12	6.7
Feb.	-	-	-	-	4.98	7.5	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA	
	4 Tenn.	Butter	4 Tenn. Milk Mfg.	Chi.92° Butter	Chi.Area Powders	Minn.-Wisc. Mfg.Grade Milk	
	Milk Mfg.	Powder	\$-cwt-4%	¢ Lb.	¢ Lb.	\$-cwt-3.5%	
Jan. '63	2.76	3.09	3.100	57.97	13.92		3.10
Feb.	2.76	3.08	3.100	57.94	13.95		3.10
Mar.	2.75	3.12	3.088	57.97	14.07		3.09
Apr.	2.70	3.09	3.031	57.97	13.97		3.08
May	2.66	3.09	3.000	57.97	13.94		3.07
June	2.66	3.12	3.000	57.97	14.04		3.08
July	2.66	3.12	3.000	57.97	14.03		3.09
Aug.	2.66	3.12	3.000	57.97	14.07		3.10
Sept.	2.66	3.20	3.000	59.70	14.18		3.12
Oct.	2.73	3.15	3.070	58.48	14.18		3.15
Nov.	2.80	3.13	3.138	58.09	14.26		3.16
Dec.	2.82	3.12	3.150	58.01	14.28		3.16
Jan. '64	2.82	3.12	3.150	57.97	14.30		3.17

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK ^{3/}			PRODUCER DATA ^{3/}				Deliveries Per			Prod. Milk Test
	No.	Total	Class I	Class I	Total	Base	No.	Farm----Pounds			
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	
Jan. '63	15	508,073	389,629	383,326	493,008	-	666	740	-	-	4.36
Feb.	15	543,735	406,650	400,237	497,477	-	694	717	-	-	4.32
Mar.	16	522,627	400,023	385,801	481,460	456,507	661	728	691	37	4.17
Apr.	16	639,239	436,741	430,582	581,767	523,287	706	824	741	83	4.02
May	16	608,339	425,232	418,915	561,122	514,672	701	800	734	66	4.01
June	16	587,215	386,749	380,119	536,089	494,678	700	766	707	59	3.99
July	14	575,549	393,963	387,683	527,174	479,294	697	756	688	68	3.99
Aug.	14	586,869	430,310	423,917	537,729	-	695	774	-	-	4.00
Sept.	14	593,494	450,863	445,015	559,667	-	694	806	-	-	4.02
Oct.	14	557,444	477,892	471,754	531,484	-	689	771	-	-	4.20
Nov.	14	541,145	477,597	472,618	517,129	-	684	756	-	-	4.29
Dec.	14	554,904	443,411	438,851	519,303	-	683	760	-	-	4.42
Jan. '64	13	568,225	490,701	485,963	532,319	-	683	779	-	-	4.33

^{1/} Excludes Premiums^{2/} For Statistics^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I

PRODUCTION BY STATES AND COUNTIES
FOR THE CHATTANOOGA MARKETING AREA

States and Counties	December 1963				December 1962			
	Pounds Milk Delivered	% of Total	No. of Prod.	Daily Av. Lbs. Per Farm	Pounds Milk Delivered	% of Total	No. of Prod.	Daily Av. Lbs. Per Farm
<u>TENNESSEE</u>								
Bledsoe	354,348	2.20	21	544	339,409	2.20	20	547
Bradley	2,708,064	16.82	124	704	2,658,378	17.26	128	670
Coffee	102,441	.64	4	826	89,548	.58	4	722
Cumberland	147,068	.91	7	678	135,569	.88	7	625
Franklin ^{1/}	977,777	6.07	38	830	1,005,383	6.52	40	811
Grundy ^{1/}								
Hamilton	1,273,608	7.91	44	934	1,273,161	8.27	50	821
Loudon	382,465	2.38	14	881	338,006	2.20	13	839
Marion	429,966	2.67	24	578	423,718	2.75	25	547
McMinn	3,663,099	22.76	164	721	3,885,757	25.24	171	733
Meigs	620,369	3.85	31	646	636,538	4.13	33	622
Monroe	695,131	4.32	23	975	684,676	4.45	22	1,004
Polk	539,787	3.35	22	791	535,326	3.48	22	785
Rhea	409,460	2.54	21	629	430,837	2.80	22	632
Sequatchie	496,858	3.09	22	729	558,723	3.63	25	721
Total	12,800,441	79.51	559	739	12,995,029	84.39	582	720
<u>GEORGIA</u>								
Catoosa	832,813	5.18	31	867	794,856	5.16	27	950
Fannin	116,145	.72	6	625				
Gilmer	88,227	.55	4	712				
Murray	124,237	.77	3	1,336				
Walker	883,585	5.49	31	919	1,007,845	6.55	33	985
Whitfield	721,784	4.48	25	931				
Others ^{2/}	173,949	1.08	5	1,122	125,424	.81	5	809
Total	2,940,740	18.27	105	903	1,928,125	12.52	65	957
<u>ALABAMA</u>								
Cherokee ^{3/}								
DeKalb ^{3/}	208,365	1.30	11	611	217,096	1.41	12	584
Jackson	148,849	.92	8	600	257,902	1.68	9	924
Total	357,214	2.22	19	606	474,998	3.09	21	730
TOTAL MARKET	16,098,395	100.00	683	760	15,398,152	100.00	668	744

^{1/} 1962 & 1963 - One producer in Grundy County included with Franklin County

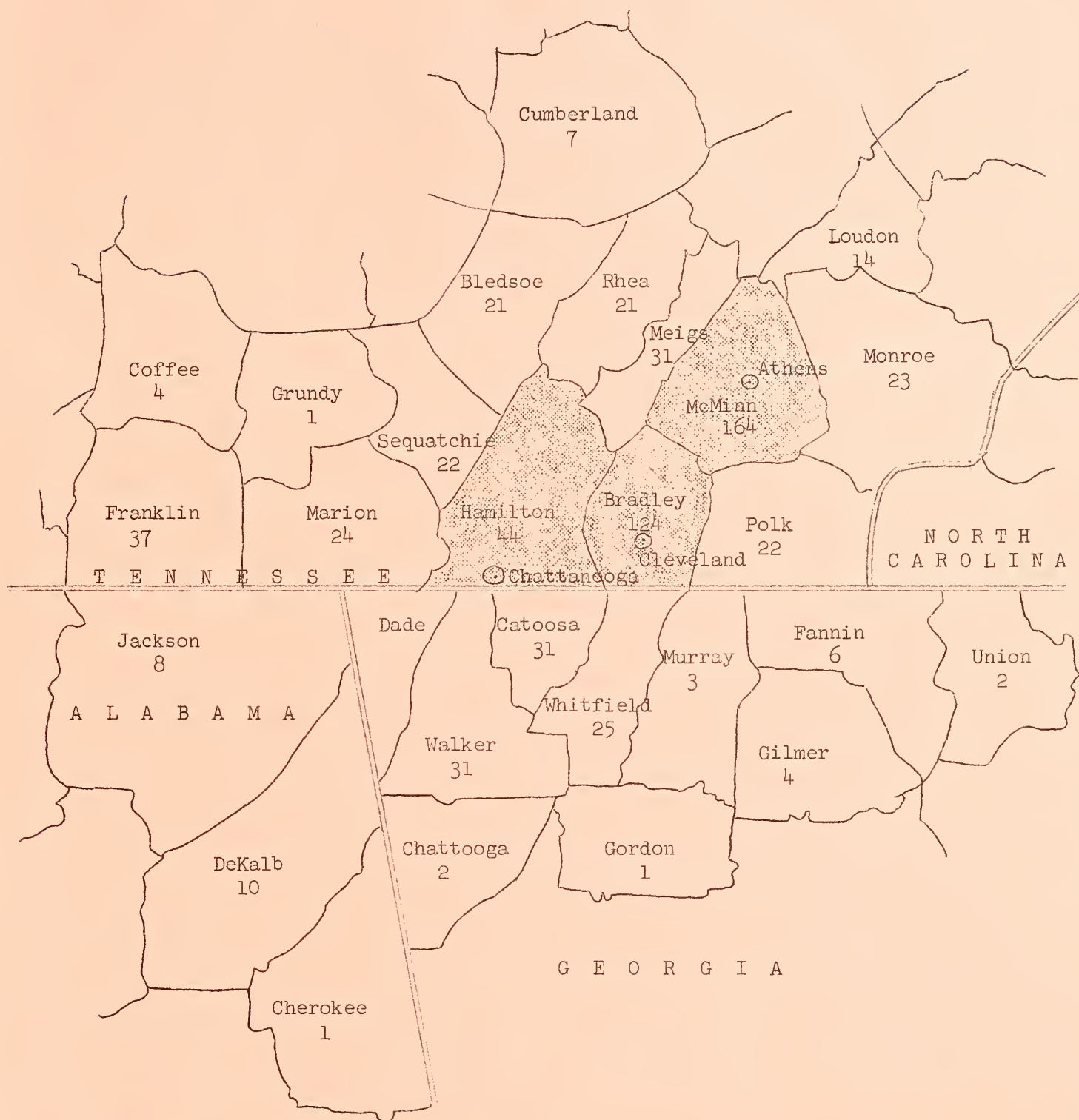
^{2/} 1962 - Includes one producer in each Chattooga, Dade, Fannin, Fayette and Fulton Counties

^{2/} 1963 - Includes producers in Chattooga (1), Gordon (2), and Union (2) Counties

^{3/} 1963 - One producer in Cherokee County included with DeKalb County

CHATTANOOGA MARKETING AREA POOL PLANTS - JANUARY 1964

Pool Plants	County	Address
Chattanooga Area Milk Prod. Assn.	Hamilton	Chattanooga, Tennessee
Grant-Patten Milk Co., Inc.	Hamilton	Chattanooga, Tennessee
Happy Valley Farms, Inc.	Walker	Rossville, Georgia
Home Stores, Inc.	Hamilton	Chattanooga, Tennessee
Mayfield Dairy Farms, Inc.	McMinn	Athens, Tennessee
Ray Moss Farms, Inc.	Hamilton	Chattanooga, Tennessee
Paramount Dairies, Inc.	Whitfield	Dalton, Georgia
Sealtest Foods-Southern Division	Hamilton	Chattanooga, Tennessee



CHATTANOOGA MILK MARKETING AREA - As defined in Federal Order No. 90 includes all the territory within the boundaries of Bradley, Hamilton, and McMinn counties Tennessee. The milkshed includes counties listed and number of producers per county as of December 1963. There was a total of 683 producers delivering milk to the Chattanooga market during December 1963.

AS OF JANUARY 1, 1964

